



LOUISIANA DEPARTMENT OF INSURANCE
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DIRECTIVE 190

November 30, 2005

**NOTICE TO ALL INSURERS, HMOs,
SURPLUS LINES and any and all other ENTITIES
DOING BUSINESS IN LOUISIANA and/or
REGULATED BY THE COMMISSIONER OF INSURANCE
AND THE LOUISIANA DEPARTMENT OF INSURANCE**

RE: Rate Increases and/or Premium Increases for all Health Insurance Insurers and HMOs Under Emergency Rules 15, 17, 19 and 20

Following the issuance of Emergency Rules 15 and 17 on September 20, 2005, and Emergency Rules 19 and 20 on October 26, 2005, there have been numerous requests from persons affected by this action regarding the need for the Louisiana Department of Insurance ("Department") to provide some additional guidance as to how health insurance insurers and HMOs, any and all other entities doing business in Louisiana and/or regulated by the Commissioner, insureds and third parties should interpret and apply Emergency Rules 15, 17, 19 and 20, as originally adopted and as amended. Accordingly, pursuant to these requests by the health insurance insurers and HMOs, any and all other entities doing business in Louisiana and/or regulated by the Commissioner, insureds and third parties the Department hereby issues Directive 190. All affected persons are to conduct themselves in accordance with the purpose and intent of Emergency Rules 15, 17, 19 and 20, as originally adopted and as amended, and are to be guided by the overriding principle that the insured is to be protected to the maximum extent possible.

In addition to the interpretation and guidance provided herein, I specifically caution all persons involved that alleged violations of Emergency Rules 15, 17, 19 and 20, as originally adopted and as amended, will be the subject of investigation and potential enforcement action.

For ease of review reference will be made to both the Section numbers used in the promulgation of Emergency Rules 15, 17, 19 and 20, as originally adopted and as

amended, as well as the Section numbers used by the Office of the State Register in publishing Emergency Rules 15, 17, 19 and 20, as originally adopted and as amended.

Accordingly, I hereby direct health insurance insurers and HMOs, any and all other entities doing business in Louisiana and/or regulated by the Commissioner, insureds and third parties that Emergency Rules 15, 17, 19 and 20, as originally adopted and as amended, are to be interpreted and applied as follows:

1. Pursuant to Emergency Rules 15, 17, 19 and 20 all rate increases and/or premium increases were deferred until January 1, 2006. I direct that any rate increase and/or premium increase shall only be implemented on or after January 1, 2006. Further, the implementation of any rate increase and/or premium increase beginning on or after January 1, 2006 shall set forth the new adjusted rate and/or premium on a prospective basis only and shall be pro-rated over the remaining life of the health insurance contract.
2. Rate increases and/or premium increases that could not be implemented and were deferred due to the specific provisions of Section 15.8.A (Section 2705.F) of Emergency Rules 15, or Section 17.7 (Section 3111.A) of Emergency Rule 17, or Section 3505.F of Emergency Rule 19, or Section 3711.A of Emergency Rule 20 cannot be recouped from the insured in any lump sum payment.
3. Health insurance insurers or HMOs who collect or attempt to collect in any lump sum a rate increase and/or premium increase from any "protected insured" for the period of time when Emergency Rules 15, 17, 19 and 20 were in effect for Hurricane Katrina or Hurricane Rita may be deemed in violation of Section 2729 (Section 15.20) of Emergency Rule 15 for Hurricane Katrina, or Section 3529 of Emergency Rule 19 for Hurricane Rita.
4. Nothing in Emergency Rules 15, 17, 19 or 20 shall prohibit health insurance insurers or HMOs from legally implementing or seeking the authority to implement a rate increase and/or premium increase on or after January 1, 2006 in accordance with applicable law.

Baton Rouge, Louisiana this 30th day of November 2005.



J. Robert Wooley
Commissioner of Insurance